



Rating Health Plans on Health Insurance Exchanges: Key Facts for States and Consumers

- ***Qualified Health Plan (QHP) Quality Measure Reporting and Quality Ratings Do NOT Begin Until 2016***

Once accredited for Exchange participation by URAC or NCQA, a QHP issuer needs sufficient time to accumulate a statistically valid volume of quality data for its Exchange QHP(s) in order to calculate a meaningful QHP-specific quality rating which consumers can trust.

Persuant to its May 2012 Guidance, HHS will be issuing future rulemaking detailing issuer quality measure reporting and QHP-specific performance rating requirements, as well as a template for Exchange websites to display this information in a consumer-friendly format. This QHP-specific quality and rating information should be available for the 2016 Exchange open enrollment period in October 2016.

This HHS delay in reporting measures and establishing ratings is intentional: Exchange QHPs need time to build sufficient quality data to generate statistically valid ratings. Both URAC and NCQA agree on this point, with NCQA stating it “will not score Exchange plans on HEDIS or CAHPS results until 2016 at the earliest*...”

By 2016, HHS will have established national quality measure reporting and QHP rating requirements for Exchanges in all 50 states and the District of Columbia, as well as how this information is displayed on Exchange websites. The goal is to have QHP ratings which are comparable and easy to understand regardless of where a consumer resides.

In the interim, HHS will permit Exchanges to provide consumers with customer satisfaction information from CAHPS surveys of an Exchange issuer's commercial and/or Medicaid product lines, when the issuer has the same QHP product type and adult/child population on the Exchange.

- *NCQA Ratings of Non-Exchange Health Plan Issuers Are NOT Meant to Be Used for Exchanges and Do NOT Reflect the Issuer's Exchange QHP(s)' Performance*

While health plan issuers currently accredited and rated by NCQA are eligible to offer similar products on an Exchange, these existing ratings do not represent the performance of the issuer's Exchange QHP(s). This is because an Exchange QHP will have an entirely new and unique enrollee population with its own demographic and risk profile, as well as unique provider network.

An Exchange QHP must stand the test of time before reliable ratings of quality and customer satisfaction can be established, based on HHS's forthcoming quality measurement and plan rating methodology.

NCQA acknowledges the above and is already planning for this major break from HEDIS and its current plan rating scheme, stating: "NCQA plans to align the clinical quality and patient experience measures scored in accreditation with any federal requirements.*"

- *How Providing Non-Exchange Health Plan Ratings to Consumers Could Hurt Exchange Viability and Success*

1. Need for a Level Playing Field—In order to optimize health plan participation, Exchanges should avoid posting or linking to non-Exchange health plan issuer ratings. Studies show consumers are drawn to issuers with high ratings, creating an immediate competitive disadvantage for issuers without such ratings. In particular, this would likely drive customers away from newly created issuers and their QHPs, such as CO-OPs—undermining a major provision of the Affordable Care Act (ACA). Even newly accredited NCQA plans, or NCQA plans which have not agreed to release their quality data and thus do not have a rating, would also be unfairly disadvantaged.

Also harmed would be issuers with long records of successful, high quality operation and customer satisfaction, penalized solely for holding an accreditation from another highly respected nationally and HHS recognized accreditor such as URAC.

A robust Exchange will require healthy competition amongst a large array of QHP issuers and their QHP offerings, with consumers free to choose the QHP which best fits their needs, unfettered by the bias of non-Exchange related ratings. Having such ratings posted on, or linked from, an Exchange website, could easily be misinterpreted by consumers as an endorsement by the Exchange and lead to some of the undesired consequences listed below.

2. Need to Avoid Unbalanced and/or Adverse Selection of QHPs Based on Non-Exchange Ratings

It is doubtful consumers would understand that a non-Exchange health plan issuer rating is *not* telling them about the performance of the newly created Exchange QHP they are joining. The danger is, if too many enroll in plans with non-Exchange high ratings, this can negatively impact Exchange success by: (a) Having inadequate enrollment volumes at non- or low-rated plans to be financially viable, and/or; (b) Having some plans end up with an inordinate number of higher risk, higher cost enrollees (adverse selection), which may overwhelm the ACA's risk adjustment protections.

The above scenarios would undermine competition on Exchanges, and potentially force some issuers to withdraw from Exchange participation—leaving consumers with less choice, and ultimately threatening Exchange viability.

3. Need to Avoid Consumer Confusion on QHP Ratings Methodology and Display Template

QHP ratings and display on Exchanges will be based on a methodology as yet to be determined by HHS, but which likely be available for the 2016 open enrollment period in October 2016. These ratings will be constructed upon actual QHP Exchange performance and *not* look like, or be comparable to, NCQA's current health plan issuer ratings and

displays. It is also important to note that current NCQA ratings are at the issuer level, while for Exchanges, the ratings will be at the more granular QHP level. In addition, NCQA ratings are artificially inflated by the fact that additional credit is awarded simply for holding NCQA accreditation—e.g., 15% out of the maximum score of 100 reported for the NCQA rated issuers reported annually by *Consumer Reports*.

For all the above reasons, it would be prudent not to confuse consumers with ratings of non-Exchange plans and how this is displayed by NCQA, given that this will all change when HHS issues its final Exchange QHP quality measurement, ratings, and display regulations.

- ***Encouraging Innovation in Health Plan Quality Measurement and Ratings***

HHS has made it clear it is seeking innovative, new approaches to measuring health plan quality, customer satisfaction, and how health plans are rated. The goal is to have a nationally uniform system of clinical quality measures and ratings for all Exchange health plans, aligned around the National Quality Strategy, allowing consumer-friendly “apples-to-apples” comparisons of health plans in all 50 states and the District of Columbia.

For now, HHS is relying on the health plan issuer accreditation expertise of URAC and NCQA, and their unique approaches to quality measurement and rating plan performance, to help inform its future rulemaking in these two critical areas.

(* Source: NCQA July 5, 2012 comment letter to HHS on Exchange proposed rule).